

Southeast Iowa Regional Planning Commission

Independent Auditor's Reports
Financial Statements
Supplemental Information
Schedule of Findings & Questioned Costs

Year Ending June 30, 2013

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SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
BOARD OF DIRECTORS AND OFFICERS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
<u>Executive Board of Directors</u>		
Brent Schleisman	Chairperson	City of Mount Pleasant
Sue Frice	Vice Chairperson	Workforce Representative
Mark Huston	Secretary	City of Columbus Junction
Hans Trousil	Treasurer	City of West Burlington
Gary Folluo	Member At Large	Lee County
<u>Full Board Members</u>		
Des Moines County:		
Robert Beck	Board Member	Des Moines County
Jim Davidson	Board Member	City of Burlington
Bob Hesler	Board Member	Private Sector
Henry County:		
Mark Hempen	Board Member	City of New London
Klay Edwards	Board Member	Private Sector
Greg Moeller	Board Member	Henry County
Lee County:		
Byron Smith	Board Member	City of Fort Madison
Michael O'Connor	Board Member	City of Keokuk
Steve Bisenius	Board Member	Private Sector
Louisa County:		
Jim Howell	Board Member	Private Sector
Andy Truitt	Board Member	City of Wapello
Chris Ball	Board Member	Louisa County
Others:		
David File	Board Member	Iowa Wesleyan College
Dr. Michael Ash	Board Member	Southeastern Community College

Southeast Iowa Regional Planning Commission Management

Mike Norris	Executive Director
Jeff Hanan	Assistant Director
Lori Gilpin	Finance Director
Bob Kuskowski	Transit Director
Zach James	Planning Director

John D. Morrow

Certified Public Accountant

Member
Iowa
Society

Certified Public Accountants

P O Box 400
109 Main Street
Wall Lake, Iowa 51466

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November 26, 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southeast Iowa Regional Planning Commission
Burlington, Iowa

Report on Financial Statements

I have audited the accompanying financial statements of Southeast Iowa Regional Planning Commission (a non-profit corporation), which comprise the statement of financial position as of June 30, 2013, and the related statement of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast Iowa Regional Planning Commission as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Other Information**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Program Funds and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 26, 2013 on my consideration of Southeast Iowa Regional Planning Commission's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeast Iowa Regional Planning Commission's internal control over financial reporting and compliance.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

As management of Southeast Iowa Regional Planning Commission, we offer the readers of Southeast Iowa Regional Planning Commission's financial statements this narrative overview and analysis of the financial activities of the commission for the fiscal year ended June 30, 2013. This report is intended to serve as an introduction to Southeast Iowa Regional Planning Commission's basic financial statements.

Financial Highlights

1. The assets of the Commission exceeded its liabilities as of June 30, 2013 by \$5,106,287 (net assets). Of this amount, \$2,614,224 represents amounts that are non-spendable, which consist of investments in property & equipment, and reserves for loans. The unassigned local net assets equal \$2,492,063.
2. The Commission's total net assets increased by \$936,280 over the prior year. This increase represents a 22.5% increase from the prior year.
3. Revenues were \$4,672,663, which is \$282,300 over the cost/expenses.
4. The total cost of programs increased \$288,039.
5. The Commission used local revenues as the required match portion of \$29,498 for the purchase of a transit vehicle, which was funded by the Iowa Department of Transportation at 80% of the bus cost.

Overview of the Financial Statements

The Commission's basic financial statements are comprised of 1) financial statements and 2) notes to the financial statements. In addition, other supplementary information to the basic financial statements is provided.

The financial statements include a *Statement of Financial Position*, a *Statement of Activities*, a *Statement of Changes in Net Assets*, and a *Statement of Cash Flows*. These statements present information of the Commission's finances in a manner similar to governmental activities. The activities are consolidated and present the operations as a whole.

The *Statement of Financial Position* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the Commission's net assets are an indicator of whether its financial position is improving or declining, respectively.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

The *Statement of Activities* presents information showing how the commission's net assets changed during the year. This statement reports the cost of activities and how those costs were recovered for the fiscal year.

The *Statement of Cash Flows* presents information on the cash flow of the Commission during the fiscal year. This information can assist the user of the report in determining how the Commission financed its activities and how it met its cash requirements.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements are found on pages 16-25. The additional supplemental information is found on pages 27-30.

Financial Analysis of the Commission's Net Assets

The table below is a summary of the Commission's net assets for the year ended June 30, 2013 compared to 2012.

Net Assets		
	2013	2012
Current and other assets	\$3,311,998	\$3,085,922
Property and equipment	1,918,947	1,883,672
Other assets	1,347,749	747,037
Total assets	6,578,694	5,716,631
Long-term liabilities outstanding	1,181,614	1,239,358
Other liabilities	290,793	307,266
Total liabilities	1,472,407	1,546,624
Non-spendable	2,614,224	1,960,243
Unassigned	2,492,063	2,209,764
Total net assets	\$5,106,287	\$4,170,007

As noted earlier, net assets may serve over time as a useful indicator of the Commission's financial position. In the case of the Commission, assets exceeded liabilities by \$5,106,287 at the close of the most recent fiscal year.

By far the largest portion of the Commission's net assets reflected in the non-spendable net assets, is its investments in property, equipment and vehicles totaling \$1,914,053 net of accumulated depreciation. The Commission records assets using historical cost. If actual cost is not known, an estimated historical cost will be used. The combined net assets for the revolving loan fund programs are \$700,171, which is the total assigned net assets.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Change in Net Assets from Operating Results

Revenues:	<u>2013</u>	<u>2012</u>
Federal awards	\$1,984,547	\$1,300,153
State and local contract awards	1,336,223	1,860,401
General public & per capita	172,473	167,245
Loan repayments	194,469	462,193
Interest from loans	49,452	60,605
Interest from investments	8,418	8,020
Other revenues	794,972	132,053
Matching funds	<u>132,109</u>	<u>296,800</u>
Total Revenues	4,672,663	4,287,470
Expenses:		
Community planning & admin. programs	410,342	711,843
Local housing programs	617,673	1,382,148
Revolving loan funds	215,583	298,719
Economic development planning grant	91,501	99,699
Homeland Security Grant	0	51,533
EDA SEIRPC Facility	0	89,252
Regional intermodal planning	167,568	199,302
EDA Revolving loan grant	718,285	0
Multi-family new construction	356,188	0
Downtown Partners program	66,669	0
Single-family new construction	304,503	0
Public Transit-Operating	898,708	717,889
Public Transit-Capital	<u>156,977</u>	<u>57,267</u>
Total Direct Expenses	4,003,997	3,607,652
Indirect Costs	<u>386,366</u>	<u>494,672</u>
Total Expenses	4,390,363	4,102,324
Net Revenue over (under) expenses	\$ <u>282,300</u>	\$ <u>185,146</u>

The commission's total revenues increased 9% to \$4,672,663. State and local contract revenues decreased \$524,057.

The total cost of all programs and services increased by \$288,039. The Commission's expenses are predominantly related to providing services such as flood assistance, planning, development, grantmanship, or technical assistance to the Commission's members.

Capital Assets

By the end of the 2013 fiscal year, the Commission had invested \$156,977. Total depreciation expense for the year was \$121,701. The Commission made the following additions to its capital assets recorded at actual cost: transit vehicles \$156,977.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Long-term Debt

At the end of the current fiscal year, the Commission had total debt outstanding of \$1,356,419, which is a 3.6% increase from the prior year. The debt consists of loans payable to the US Department of Agriculture for funds drawn to be used in the Intermediary Relending Programs, a loan from the Iowa Finance Authority (IFA) to administer a Single Family Home Rehabilitation Revolving Loan Program, loans from the Iowa Department of Transportation for the purchase of Regional Transit vehicles, and loans from Two Rivers Bank and Trust for the purchase of building and land, company vehicles and a copier. Additional information about the Commission's long term debt is presented in the financial statement Footnote 9.

Economic Factors on the Commission's Future

At the time these financial statements were prepared and audited, the Commission was aware of several key factors that may potentially impact the Commission's future funding levels.

- Local, State and Federal economic conditions are key indicators for resource availability and monitoring these conditions will be prudent for SEIRPC and its future success in regional service delivery.
- Per Capita fees look to be incrementally increased annually for the foreseeable future. As demand for services remains constant and increases in areas annually, SEIRPC must find ways to deliver valuable services and manage its internal economics. Per capita dues are a central factor in SEIRPS's ability to provide services and leverage grants to do so.
- Health Insurance costs have stabilized, but after multiple years of double-digit increases, management continues to seek alternatives to reduce its future health insurance costs and liability.
- SEIRPC purchased a facility in 2010 which has provided the necessary staff space and long term opportunity for service delivery. The facility is fully leased, with the first lease coming due in 2015.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Southeast Iowa Regional Planning Commission, 211 N. Gear Ave., Suite 100, West Burlington, Iowa 52655.

FINANCIAL STATEMENTS

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
STATEMENT OF FINANCIAL POSITION
Year Ending June 30, 2013

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,597,008
IRP Cash restricted	14,276
Accounts receivable & program reimbursements	495,464
Prepaid expenses	5,250
Current portion - loans receivable	<u>200,000</u>
Total Current Assets	<u>3,311,998</u>

PROPERTY AND EQUIPMENT:

Capital Expenditures Not Included As Grant Costs:

Equipment	31,813
Vehicles	66,056
Less: accumulated depreciation	<u>(92,975)</u>
	<u>4,894</u>

Capital Expenditures Included As Grant Costs:

Land, buildings, and improvements	1,401,710
Equipment	32,863
Vehicles/Transit	1,033,069
Less: accumulated depreciation	<u>(553,589)</u>
	<u>1,914,053</u>
Total Property and Equipment	<u>1,918,947</u>

OTHER ASSETS:

Housing loans receivable	65,927
Business enterprise loans receivable	1,481,822
Less: Current portion	<u>(200,000)</u>
Total Other Assets	<u>1,347,749</u>
Total Assets	<u>\$ 6,578,694</u>

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES:

Accounts payable	\$ 47,054
Notes payable	99,140
Current portion of long-term debt	75,665
Accrued payroll, benefits, and annual leave	54,105
Accrued interest payable	13,828
Deferred revenues	<u>1,001</u>
Total Current Liabilities	<u>290,793</u>

LONG TERM LIABILITIES:

Note payable - vehicles & equipment	1,584
Note payable - Amoco loan	23,782
Note payable - HOME loans	8,260
Note payable - IRP loans	839,318
Mortgage payable - real estate	384,335
Less: Current Portion	<u>(75,665)</u>
Total Long Term Liabilities	<u>1,181,614</u>
Total Liabilities	<u>1,472,407</u>

NET ASSETS:

NON-SPENDABLE:

Investment in property & equipment-SEIBUS	553,619
Investment in property & equipment-other	1,360,434
Reserve for loans	700,171

UNASSIGNED:

Net Assets	<u>2,492,063</u>
Total Net Assets	<u>5,106,287</u>
Total Liabilities & Net Assets	<u>\$ 6,578,694</u>

See accompanying Notes to Financial Statements.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
Year Ending June 30, 2013

Revenues:

Federal awards	\$ 1,984,547
State & local contracts	1,336,223
General public & per capita	172,473
Loan repayments	194,469
Interest from loans	49,452
Interest from investments	8,418
Other revenues	794,972
Matching funds & reimbursements	<u>132,109</u>
Total Revenue	<u>4,672,663</u>

Direct Program Expenses:

Community planning & admin. programs	410,342
Economic development planning grant	91,501
Revolving loan funds	215,583
EDA Revolving loan grant	718,285
Multi-family new construction	356,188
Downtown Partners program	66,669
Local Housing Admin programs	617,673
Single-family new construction	304,503
Regional intermodal planning	167,568
Public transit-Operating	898,708
Public transit-Capital	<u>156,977</u>
Total Direct Program Expenses	4,003,997
Indirect Costs	<u>386,366</u>

Total Expenses	<u>4,390,363</u>
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Net revenue over expenses	\$ <u><u>282,300</u></u>
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See accompanying Notes to Financial Statements.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
STATEMENT OF CHANGES IN NET ASSETS
Year Ended June 30, 2013

Net Assets-beginning of year	\$ 4,170,007
Revenue (under) expenses	282,300
Increase in program property & equipment value	38,188
Decrease in housing & business enterprise loans receivable	570,712
Increase in housing & IRP loans payable	<u>45,080</u>
Net Assets - end of year	\$ <u><u>5,106,287</u></u>

See accompanying Notes to Financial Statements.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
STATEMENT OF CASH FLOW
Year Ended June 30, 2013

Resources Provided (Used) By:	
Cash Flow from Operating Activities:	
Revenue over expenses	\$ 282,300
Note increase included as revenue:	
IRP loan proceeds used for re-lending	0
Note payments included as expenditures:	
Loan payments	45,079
Purchase of vehicles & equipment	156,977
Items not requiring outlays of cash:	
Depreciation	2,914
Change in Operating Assets & Liabilities:	
Increase in accounts receivable	(153,715)
Increase in prepaid expenses	(3,150)
Decrease in accounts payable	(37,466)
Increase in payroll, annual leave, and benefits	4,500
Decrease in accrued interest payable	(639)
Decrease in deferred revenue	(87,455)
	<u>209,345</u>
Cash Flow From Investing Activities:	
Purchase of vehicles & equipment	(156,977)
Decrease in IRP restricted cash	<u>2,706</u>
	(<u>154,271</u>)
Cash Flow From Financing Activities:	
Borrowing - housing line of credit	205,265
Payments - housing line of credit	(106,125)
Borrowing - long term notes	30,143
Payments - long term notes	(82,440)
	<u>46,843</u>
Net Increase in Cash	101,917
Cash, Beginning of Year	<u>2,495,091</u>
Cash, End of Year	\$ <u><u>2,597,008</u></u>

See accompanying Notes to Financial Statements.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 Nature of Activities and Significant Accounting Policies
 A. Nature of Activities

In 1973, Southeast Iowa Regional Planning Commission (SEIRPC) entered into a 28E agreement to service the Iowa counties of Des Moines, Henry, Lee and Louisa and local governments (cities and school districts) within the four county region.

The purposes for which SEIRPC was organized are to provide joint services and facilities with other agencies to promote and assist the economic development of business concerns through growth and development, and aid in development opportunities to the region, thereby increasing employment, business volume, and business payrolls. To accomplish these purposes, SEIRPC has all the powers enumerated in Chapter 504 of the Code of Iowa. These powers are limited to the definitions and purposes encompassed by Section 501(c)(1), of the Internal Revenue Code. In addition, SEIRPC has the power and duty to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplication, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area.

Southeast Iowa Regional Planning Commission (SEIRPC) owns and operates the Region 16 Public Transit System (SEIBUS). This public transit system provides transit services to senior citizens, persons with disabilities, preschool and school aged students, and the general public. Region 16 Public Transit System (SEIBUS) operates in Des Moines, Henry, Lee, and Louisa counties and is recognized by the Department of Transportation as the regional transit organization. The mission of Region 16 Public Transit System (SEIBUS) is to provide safe, dependable, and efficient public transit services for all citizens within its service area in a manner which will help them maintain and improve their quality of life. Transportation planning staff are active in programming federal dollars available to the Commission, developing projects utilizing state and federal dollars, preparing transportation planning document, Geographic Information Systems mapping and analysis, travel demand modeling, grant applications to federal and state governments, and regional cooperation related to transportation issues and transit planning.

Southeast Iowa Regional Planning Commission (SEIRPC) serves as the Regional Planning Affiliation (RPA) for the counties of Des Moines, Henry, Lee, and Louisa. As the RPA, SEIRPC prepares all planning documents pursuant to transportation planning in the region, including the programming of regional federal funds for transportation. SEIRPC is advised by a Transportation Advisory Committee on all planning documents. Final decisions on these documents are made by the Board of Directors of Southeast Iowa Regional Planning Commission. The Planning and Zoning Department provides a number of services relating to land use and development to various clients within the region. Specifically, actual on-site land use administration, technical assistance with zoning and subdivision issues, revision and development of comprehensive plans, urban renewal plan formulation, annexations, ordinance codification

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note 1 Nature of Activities and Significant Accounting Policies (continued)

A. Nature of Activities

 updates and capital improvement budgeting are all provided under individual contracts with cities and/or counties within the four-county area.

 Southeast Iowa Regional Planning Commission administers grants received by clients from different funding sources. The staff works one-on-one with the agency officials and city or county officials to insure that all of the grantor agency requirements are met, and retains records related to the grant administration activities.

 Southeast Iowa Regional Planning Commission assists the communities and counties in identifying housing needs. Once needs are identified, the organization will work with the necessary partners to achieve those goals. Examples of programs include various housing rehabilitation programs, down payment assistance, rental projects, new construction, development of lots for sale, and lead base paint & inspection services.

 The organization is dependent on continued funding by Federal, State and local governmental bodies to provide the programs necessary to support the services and objectives set out above.

B. Significant Accounting Policies

Program Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to Southeast Iowa Regional Planning Commission, the accounts of the organization are maintained in accordance with the principles of accounting for program grants, activities, and functions. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each program, grant, activity, or function; however, in the accompanying financial statements, programs that have similar characteristics have been combined into program groups. Accordingly, all financial transactions have been recorded and reported by group.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Grant or contract revenue is recognized when earned. The program agreements, grants, and contracts are written on an expense reimbursement basis and accordingly, grant or contract revenue is earned when allowable program expenses are incurred. The financial statements present any funds received and not expended as net assets. Expenses are recorded when the liability is incurred. Disbursements for the purchase of vehicles and equipment in the Region 16 Public Transit Program, which provide future benefits, are recorded as expenses in the program at the time of purchase and capitalized and presented in the Statement of Financial Position. Disbursements for the purchase of vehicles and equipment in the local administrative program are capitalized and depreciated over the assets useful lives. For these capital assets, depreciation is recovered through program reimbursements or in the indirect cost rate.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note 1 Nature of Activities and Significant Accounting Policies (continued)

B. Significant Accounting Policies (continued)

Basis of Presentation - Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the SEIRPC and changes therein are classified and reported as follows:

Unassigned net assets - Net assets that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unassigned net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unassigned net assets.

Assets, Liabilities and Net Assets - The following accounting policies are followed in preparing the statement of financial position.

Cash and Cash Equivalents - Cash includes amounts in demand deposits, savings accounts, and money market funds.

Accounts Receivable and Program Reimbursements - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Program funds, accounts receivable, and reimbursements include amounts due to SEIRPC but not received at year end.

Allowance for Doubtful Accounts - The direct write-off method is used to account for uncollectible housing and business loans. There is no provision for bad debts since management considers all receivables are to be collectible.

Property and Equipment - Property, vehicles and equipment are valued at historical cost. Vehicles and equipment in the Region 16 Public Transit Program are recorded as expenses. The purchases are then capitalized accumulating the net investment in property and equipment. Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets, generally 40 years for building and improvements and 5 to 10 years for vehicles and equipment. Disbursements for the purchase of vehicles and equipment in the local administrative program are capitalized and depreciated over the assets useful lives. Depreciation is recovered through program reimbursements or in the indirect cost rate. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value. Expenses for maintenance, repairs, and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed is deleted.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note 1. Nature of Activities and Significant Accounting Policies (continued)

B. Significant Accounting Policies (continued)

Paid Time off (PTO) - Employees of SEIRPC accumulate a limited amount of earned but unused annual PTO leave payable to employees. Annual PTO accruals are based on the number of hours worked by eligible employees and the length of service. Upon separation of employment, accrued unused PTO will be paid out to the employee. Amounts representing the cost of annual PTO leave expected to be liquidated currently are recorded as liabilities computed based on current rates of pay.

Deferred Revenue - Deferred revenue represents cash advances by the funding source at year end.

Indirect Cost Allocation - Southeast Iowa Regional Planning Commission has adopted a cost allocation rate to allocate joint costs to the various programs. SEIRPC has established an indirect cost rate for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR 225 (OMB Circular A-87) applies. SEIRPC has requested approval and received a final indirect cost rate of 36 % for fiscal year 7/1/2012 to 6/30/2013, which was calculated using an indirect cost rate base type of direct labor and benefits. Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs. PTO, long-term illness, and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for the salaries and wages. The calculation was based on actual costs from fiscal year 2012 to obtain a federal cost billing rate for fiscal year 2013. SEIRPC is required to submit to the U.S. Department of Commerce (DOC) an annual Certificate of Indirect Costs. The submission of this form is due to the DOC within six (6) months after the close of each fiscal year.

Budgetary Accounting - SEIRPC is not required by statute to use budgetary accounting. Therefore, no budgetary information is included in these financial statements.

Income Taxes - Southeast Iowa Regional Planning Commission is exempt from Federal income taxes under provisions of Internal Revenue Code Section 501(c)(1).

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from amounts estimated. These estimates involve useful lives for depreciation of assets, allowance for doubtful accounts, loss contingencies, and other estimating techniques as may be required to record effects of future events.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note 2 Lease Agreements for Property and Equipment

The Commission has entered into an operating lease to rent Regional Transit Authority vehicle storage space in Burlington, Iowa on a month to month basis. Rent paid for the year ended June 30, 2013 was \$6,300.

SEIRPC may be obligated under other lease agreements accounted for as operating leases for equipment. In the event insufficient program funding occurs, these leases may be prematurely terminated with appropriate notice.

Note 3 Pension and Retirement Benefits

The Southeast Iowa Regional Planning Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117

Plan members are required to contribute 5.78% of their annual covered salary and the Southeast Iowa Regional Planning Commission is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. Southeast Iowa Regional Planning Commission's contribution to IPERS for the year ended June 30, 2013 was \$85,503, equal to the employer required contributions for the year.

Note 4 Contingent Liability - Long-term Illness Leave

Prior to 2009, Southeast Iowa Regional Planning Commission's full time employees accumulate long-term illness leave hours for subsequent use. No compensation is made for accrued long-term illness leave at time of separation and these accumulations are not recognized as expenses until used.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note 5 Organization Risk Management

Southeast Iowa Regional Planning Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Southeast Iowa Regional Planning Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 6 Total Deposit Accounts And Insured Depository Limits

Southeast Iowa Regional Planning Commission maintains checking, savings, and money market accounts in various financial institutions. These financial institutions classify these deposits as public funds and are subject to the guidelines referred to in Chapter 12C of the Code of Iowa. As of the fiscal year end, the following financial institutions held public funds totaling:

	<u>June 30, 2013</u>
Two Rivers Bank & Trust	\$ 2,521,140
KSB Bank	122,217

Note 7 Vehicles, and Equipment

A summary of vehicles, equipment, and the components of accumulated depreciation for the year ending June 30, 2013, are as follows:

	CAPITAL EXPENDITURES INCLUDED AS GRANT COSTS:				CAPITAL EXPENDITURES NOT INCLUDED AS GRANT COSTS:		
	Land, Bldg. & Equipment	Transit Vehicles	Program Equip.	Total	Vehicles	Equipment	Total
<u>Cost</u>							
Beginning	\$1,401,710	\$ 876,092	\$32,863	\$ 2,310,665	\$ 66,056	\$ 31,813	\$ 97,869
Additions	0	156,977	0	156,977	0	0	0
Disposals	0	0	0	0	0	0	0
Ending	<u>1,401,710</u>	<u>1,033,069</u>	<u>32,863</u>	<u>2,467,642</u>	<u>66,056</u>	<u>31,813</u>	<u>97,869</u>
<u>Accum. Depr.</u>							
Beginning	25,395	400,528	8,878	434,801	66,056	24,006	90,062
Current depr.	16,225	98,922	3,641	118,788	0	2,913	2,913
Disposals	0	0	0	0	0	0	0
Ending	<u>41,620</u>	<u>499,450</u>	<u>12,519</u>	<u>553,589</u>	<u>66,056</u>	<u>26,919</u>	<u>92,975</u>
Net	<u>\$1,360,090</u>	<u>\$ 533,619</u>	<u>\$20,344</u>	<u>\$ 1,914,053</u>	<u>\$ 0</u>	<u>\$ 4,894</u>	<u>\$ 4,894</u>

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note 8 Housing and Business Enterprise Loans Receivable

SEIRPC accounts for grant proceeds as revenue. Principal and interest payments received are accounted for as program revenues when received. Loans and grants paid to families are treated as expenses at the time the loan is made to accommodate the required reporting format on quarterly reports.

Southeast Iowa Regional Planning Commission administers Community Development Block Grants revolving loans (CDBG Loans) for various cities within the region. The loans are for down payment assistance or for a portion of the cost of housing rehabilitation.

Southeast Iowa Regional Planning Commission received a loan from the US Department of Agriculture Intermediary Relending Program (IRP Loans). The loan proceeds plus local match are to be used for business enterprise loans.

Southeast Iowa Regional Planning Commission received a Department of Commerce Loan Program (EDA Loans) and the grant proceeds are used for business enterprise loans.

The balance of all loans is reflected as other assets on the combined statement of net assets. A summary of activity is as follows:

Fiscal Year June 30, 2013

	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Writeoffs</u>	<u>New Loans</u>	<u>Ending Balance</u>
CDBG/Home	\$ 59,335	\$ 8,408	\$ 0	\$ 15,000	\$ 65,927
Business Enterprise	125,336	27,169	18,205	50,000	129,962
IRP Loans	283,037	45,097	0	0	237,940
EDA I & II Loans	<u>509,329</u>	<u>113,795</u>	<u>11,614</u>	<u>730,000</u>	<u>1,113,920</u>
Total	\$ <u>977,037</u>	\$ <u>194,469</u>	<u>29,819</u>	\$ <u>795,000</u>	\$ <u>1,547,749</u>

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note 9 Long Term Notes Payable

The long term notes payable and classification are as follows:

June 30, 2013

Southeast Iowa Regional Planning Commission has entered into a loan agreement with the United States Department of Agriculture, Intermediary Re-lending Program. The loan agreement, dated July 9, 2003, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. The repayment shall be made in 27 equal installments of \$25,470 including principle and interest beginning July 9, 2007. The loan agreement requires a restricted cash account to be maintained at 6% of the balance outstanding, which is currently \$2,914.

\$480,217

Southeast Iowa Regional Planning Commission, has entered into a loan agreement with the United States Department of Agriculture, Intermediary Re-lending Program. The loan agreement, dated August 1, 2006, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. The repayment shall be made in 27 equal installments of \$25,470 including principle and interest beginning July 28, 2010. The loan agreement requires a restricted cash account to be maintained at 6% of the balance outstanding, which is currently \$11,362.

359,101

Southeast Iowa Regional Planning Commission has entered into a real estate mortgage agreement with a financial institution to purchase land, building, and improvements. The real estate mortgage agreement, dated October 1, 2010, is for a total of \$413,000.00 and has a variable interest rate. The variable interest rate is adjusted daily and equals 1.75% plus the Wall Street Journal published prime rate of interest. The interest rate as of June 30, 2013 was %. The real estate mortgage agreement calls for quarterly payments of principal and interest payable in equal payments of \$8,961.66 beginning January 1, 2011 until October 1, 2015, on which date the entire remaining indebtedness then unpaid and owing under this note shall be due and payable in full. The mortgage is secured by a standard Real Estate Mortgage of property and is dated October, 2010.

384,335

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note 9 Long Term Notes Payable (continued)

Southeast Iowa Regional Planning Commission entered into an agreement with the Iowa Finance Authority (IFA). The loan agreement dated March 1, 2006 is for a total of \$200,000 and bears interest at 3% per year. The loan agreement calls for the payment of interest only for the first 2 years and then principal and interest payable in 10 equal annual installments beginning on April 1, 2009.

8,260

Southeast Iowa Regional Planning Commission has entered into an installment loan agreement with a financial institution to purchase a copier. The installment agreement, dated November 16 2010, is for the sum of \$10,487.00, interest at a fixed rate of 6.50%, for a term of 35 months. The repayment shall be made in 35 equal installments of \$321.79, including principle and interest, beginning December 15, 2010.

1,584

Southeast Iowa Regional Planning Commission, has entered into two Amoco Loan Agreements with the Iowa Department of Transportation. (1)A capital loan, dated July 2, 2012, is for the sum of \$22,927, no interest, payable in equal installments of \$7,642 for a term of 30 years, beginning November 1, 2014.

15,285

(2)A capital loan, dated September 30, 2011, if for the sum of \$9,778, no interest, payable in equal installments of \$4,889 for a term of 2 years beginning September 30, 2012.

4,889

(3)A capital loan, dated January 13, 2013, if for the sum of \$7,216, no interest, payable in equal installments of \$3,608 for a term of 2 years beginning June 30, 2014.

3,608

Total Notes Payable	1,257,279
Current Portion of Long Term Debt	(<u>75,664</u>)
Long Term Portion	\$ <u><u>1,181,615</u></u>

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note 9 Long Term Notes Payable (continued)

Maturities of notes payable over the next five years are as follows:

June 30, 2014	\$ 75,664
June 30, 2015	66,883
June 30, 2016	60,597
June 30, 2017	59,089
June 30, 2018	60,478
Thereafter	<u>934,568</u>
Total	\$ <u><u>1,257,279</u></u>

Note 10 Subsequent Events

Through the date the financial statements were available to be issued, management evaluated subsequent events.

SUPPLEMENTAL INFORMATION

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
SCHEDULE OF PROGRAM FUNDS
Year Ended June 30, 2013

	Indirect <u>Costs</u>	Community Planning & Admin. <u>Programs</u>	Economic Development <u>Planning</u>	Revolving Loan <u>Funds</u>	EDA Revolving Loan <u>Grant</u>
Revenues					
Federal awards	\$ 0	\$ 0	\$ 61,000	\$ 0	\$634,500
State/local contracts	0	344,321	0	0	0
General/per capita	0	78,768	0	0	0
Loan repayments	0	0	0	168,590	25,879
Interest-loans	0	0	0	39,613	9,839
Interest-investments	0	1,259	0	6,892	194
Other revenues	0	113,518	0	27,434	10,575
Matching funds & reimburs.	0	13,293	62,389	0	0
Total Revenues	<u>0</u>	<u>551,159</u>	<u>123,389</u>	<u>242,529</u>	<u>680,987</u>
Expenses:					
Salary & wages	153,153	155,493	68,660	26,713	9,533
Payroll tax expense	9,404	14,390	4,177	1,608	581
Pension expense	14,754	10,082	6,460	2,272	812
Employee benefits	30,576	32,268	10,561	4,020	1,263
Professional fees	18,702	0	0	4,471	550
Advertising & marketing	1,784	11,284	15	200	0
Contractual expenses	7,633	4,786	0	875	0
Copier expense	6,512	0	0	0	0
Dues & subscriptions	6,788	2,482	205	0	0
Information technology	3,996	1,657	0	98	0
Office & admin.	12,121	7,718	0	23,802	227
Inspection & testing	0	0	0	0	0
Insurance	31,807	4,948	0	0	0
Meetings	1,239	361	123	16	0
Printing & postage	3,533	570	236	52	6
Occupancy expense	53,618	26,965	0	0	705,000
Loans & grants	0	0	0	97,500	0
Repairs & maintenance	0	6,322	0	0	0
Rent	30	0	0	0	0
Supplies	7,571	2,865	0	51	0
Vehicle exp.	1,038	17,734	778	346	158
Telephone	18,232	143	0	0	0
Travel & training	961	573	286	155	155
Interest	0	10,383	0	8,325	0
Loan payments	0	0	0	45,079	0
Capital expenditures	0	0	0	0	0
Matching funds expense	0	99,318	0	0	0
Depreciation	2,914	0	0	0	0
Cost Carryforward	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Direct Ex	386,366	410,342	91,501	215,583	718,285
Indirect allocation	(403,768)	74,582	31,888	12,315	4,372
Total Expenses	<u>(17,402)</u>	<u>484,924</u>	<u>123,389</u>	<u>227,898</u>	<u>722,657</u>
Change in Net Assets	\$ <u>17,402</u>	\$ <u>66,235</u>	\$ <u>0</u>	\$ <u>14,631</u>	\$ (<u>41,670</u>)

Schedule 1

Multi-Family New Construction <u>Program</u>	Downtown Partners <u>Program</u>	Local Housing Admin <u>Programs</u>	Single-Family New Construction <u>Program</u>	Regional Intermodal <u>Planning</u>	(SEIBUS) <u>Region 16 Public Transit</u>	
					<u>Operating</u>	<u>Capital</u>
\$325,512	\$ 64,159	\$ 0	\$287,840	\$177,706	\$ 306,351	\$127,479
0	0	549,034	0	17,500	425,368	0
0	0	0	0	0	93,705	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	73	0
60,305	0	145,538	45,962	0	391,640	0
0	0	0	0	26,929	0	29,498
<u>385,817</u>	<u>64,159</u>	<u>694,572</u>	<u>333,802</u>	<u>222,135</u>	<u>1,217,137</u>	<u>156,977</u>
3,540	1,377	95,586	8,968	116,463	377,933	0
212	82	5,741	531	8,434	28,658	0
303	118	8,237	774	9,096	32,709	0
390	135	16,522	698	19,588	57,091	0
0	126	1,023	0	49	635	0
0	0	409	0	275	3,788	0
0	0	875	0	0	6,319	0
0	0	0	0	0	0	0
0	0	540	0	952	2,273	0
0	0	2,013	0	423	2,630	0
59	204	2,022	61	1,795	3,007	0
1,032	452	1,451	0	0	0	0
0	0	0	0	0	64,032	0
0	0	0	0	229	244	0
0	0	0	0	145	1,122	0
0	0	0	0	0	0	0
350,566	64,159	481,175	287,840	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	6,300	0
0	0	106	1,945	5,390	1,453	0
75	16	457	141	2,804	269,767	0
0	0	324	0	0	8,310	0
11	0	1,192	0	1,925	2,939	0
0	0	0	3,545	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	156,977
0	0	0	0	0	29,498	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
356,188	66,669	617,673	304,503	167,568	898,708	156,977
1,600	616	45,027	3,950	54,567	174,851	0
<u>357,788</u>	<u>67,285</u>	<u>662,700</u>	<u>308,453</u>	<u>222,135</u>	<u>1,073,559</u>	<u>156,977</u>
\$ <u>28,029</u>	\$ (<u>3,126</u>)	\$ <u>31,872</u>	\$ <u>25,349</u>	\$ <u>0</u>	\$ <u>143,578</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

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SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

<u>Direct:</u>	<u>CFDA #</u>	<u>Agency or Pass-through Number</u>	<u>Total Expenditures</u>
<u>U.S. Department of Commerce:</u>			
Economic Development Support for Planning Organizations	11.302	05-83-04980-02	\$ 123,389
Economic Adjustment Assistance Grant Revolving Loan Fund	11.307	05-79-04744	722,657
EDA I RLF Federal Awards Expended Calc	11.307		527,289
EDA II RLF Federal Awards Expended Calc	11.307		763,960
			<u>2,013,906</u>
<u>Indirect:</u>			
<u>U.S. Department of Housing & Urban Development:</u>			
Iowa Department of Economic Development Sub-recipient - Dubuque County Sub-recipient - East Central Intergovernmental Assn. (ECIA)			
CDBG Disaster Recovery Housing Contract	14.228	08-DRH-004/204	357,788
Single Family New Construction	14.228	08-DRH-004/204	308,453
Rental Rehabilitation Home	14.228	10-HM-303	67,285
			<u>733,526</u>
<u>U.S. Department of Transportation:</u>			
Iowa Department of Transportation Transportation Planning Work Program	20.205	13RPA-16	177,706
Training Fellowship	20.215		121
Non-urban Operating Assistance	20.509	85-X032-160-12	92,253
Non-urban Operating Assistance	20.509	18-0030-160-13	305,735
New Freedom Operating Assistance	20.521	57-X008-160-11	495
New Freedom Capital Assistance Project	20.521	57-X008-160-11	35,226
			<u>611,536</u>
			\$ <u>3,482,357</u>

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of Southeast Iowa Regional Planning Commission is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying Independent Auditor's Report.

John D. Morrow

Certified Public Accountant

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November 26, 2013

RTS CERTIFICATION BY INDEPENDENT AUDITOR

To the Board of Directors
Southeast Iowa Regional Planning Commission
Burlington, Iowa

I have audited the contracting opportunities and Disadvantaged Business Enterprise and Women Business Enterprise participation summary of Southeast Iowa Regional Planning Commission (Transit System). My audit of the report details included tests of accounting records, purchase orders, and contracts issued to Disadvantaged Business Enterprise and Women Business Enterprise firms as we considered necessary to verify that the information reported corresponds with the transit system's financial statements and other official documentation. It was not within the scope of my audit to make any assurances about the eligibility of any firm to be certified as a Disadvantage Business Enterprise or Women Business Enterprise, since the Iowa Department of Transportation assumes this responsibility. Tests were conducted to assure that this information fairly reflects the transit system's efforts to comply with Section 105(f) and Subpart D of the Surface Transportation Assistance Act of 1982.

The tests of accounting records and inquiries with management indicated that effort is made to identify Disadvantaged Business Enterprises and Women Business Enterprise. Management has procedures which identify current vendors as eligible to be certified as a Disadvantaged Business Enterprise and Women Business Enterprise.

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November 26, 2013

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

To the Board of Directors
Southeast Iowa Regional Planning Commission
Burlington, Iowa

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Southeast Iowa Regional Planning Commission, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Southeast Iowa Regional Planning Commission's basic financial statements, and have issued my report thereon dated November 26, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Southeast Iowa Regional Planning Commission's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Iowa Regional Planning Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of Southeast Iowa Regional Planning Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Southeast Iowa Regional Planning Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeast Iowa Regional Planning Commission's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John D. Morrow

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November 26, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Southeast Iowa Regional Planning Commission
Burlington, IA

Report on Compliance for Each Major Federal Program

I have audited Southeast Iowa Regional Planning Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Southeast Iowa Regional Planning Commission's major federal programs for the year ended June 30, 2013. Southeast Iowa Regional Planning Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Southeast Iowa Regional Planning Commission's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southeast Iowa Regional Planning Commission's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Southeast Iowa Regional Planning Commission's compliance.

Opinion on Each Major Federal Program

In my opinion, Southeast Iowa Regional Planning Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Internal Control Over Compliance

Management of Southeast Iowa Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Southeast Iowa Regional Planning Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Southeast Iowa Regional Planning Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by
OMB Circular A-133**

I have audited the financial statements of Southeast Iowa Regional Planning Commission as of and for the year ended June 30, 2013, and have issued my report thereon dated November 26, 2013, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

SOUTHEAST IOWA REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

Part I: Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified	
not considered to be material weaknesses?	No matters were reported
Noncompliance material to	
financial statements noted?	No matters were reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified	
not considered to be material weaknesses?	No matters were reported
Type of auditor's report issued on	
compliance for major programs:	Unqualified
Any audit findings disclosed that are	
required to be reported in accordance	
with Circular A-133. Section .510(a)?	No matters were reported
Identification of major programs:	
U.S. Department of Commerce:	
Economic Development Revolving Loan Fund	11.307
U.S. Department of Housing & Urban Development:	
Disaster Recovery Housing Contract	14.228
Single Family New Construction/	14.228
Down Payment Assistance	14.228
U.S. Department of Transportation:	
Non-urban Operating Assistance	20.509
Dollar threshold used to distinguish	
between Type A and Type B programs:	\$ 300,000
Auditee qualified as low risk.	

Part II: Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards.

No matters were reported

Part III: Findings and questioned costs for Federal Awards which shall include audit findings as defined in OMB Circular A-133.

No matters were reported